

HOUSE BILL 814

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Q3

2001 Regular Session
1r1963
CF 1r2828

By: **Delegate Marriott**

Introduced and read first time: February 9, 2001

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Placement and Retention Fees Paid to Qualified Job**
3 **Training Programs**

4 FOR the purpose of allowing a credit against the State income tax for certain
5 placement and retention fees paid by certain business entities for hiring certain
6 qualified graduates; providing for the calculation and use of the credit; defining
7 certain terms; requiring a certain certification from the Department of Labor,
8 Licensing, and Regulation prior to claiming the credit; providing for the
9 administration of the tax credits; requiring that a certain report be completed;
10 requiring the Comptroller to adopt certain regulations; providing for the
11 application and termination of this Act; and generally relating to tax credits for
12 certain placement and retention fees paid by certain business entities.

13 BY adding to

14 Article - Labor and Employment
15 Section 11-701 and 11-702 to be under the new subtitle "Subtitle 7. Job
16 Training Program"
17 Annotated Code of Maryland
18 (1999 Replacement Volume and 2000 Supplement)

19 BY adding to

20 Article - Tax - General
21 Section 10-722
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 2000 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Labor and Employment**2 **SUBTITLE 7. JOB TRAINING PROGRAM.**

3 11-701.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (B) "BUSINESS ENTITY" MEANS:

7 (1) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN
8 MARYLAND;9 (2) AN ORGANIZATION OPERATING A TRADE OR BUSINESS IN
10 MARYLAND.11 (C) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR, LICENSING, AND
12 REGULATION.13 (D) "QUALIFIED JOB TRAINING PROGRAM" MEANS A JOB TRAINING PROGRAM
14 CERTIFIED BY THE DEPARTMENT THAT:15 (1) IS OPERATED BY A NONPROFIT ORGANIZATION THAT IS EXEMPT
16 FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;

17 (2) SPENDS AT LEAST \$5,000 PER GRADUATE OF THE PROGRAM;

18 (3) PROVIDES EDUCATION AND TRAINING IN:

19 (I) BASIC SKILLS, INCLUDING READING, WRITING, MATHEMATICS,
20 AND COMMUNICATIONS;21 (II) THINKING SKILLS, INCLUDING REASONING, CREATIVE
22 THINKING, DECISION MAKING, AND PROBLEM SOLVING; AND23 (III) PERSONAL QUALITIES, INCLUDING RESPONSIBILITY,
24 SELF-ESTEEM, SELF-MANAGEMENT, HONESTY, AND INTEGRITY;

25 (IV) JOB SPECIFIC EMPLOYER REQUIRED SKILLS TRAINING;

26 (4) PROVIDES DIRECT OR INDIRECT INCOME SUPPLEMENTS, WHEN
27 NEEDED, TO PARTICIPANTS FOR HOUSING, COUNSELING, TUITION,
28 TRANSPORTATION, CHILD CARE, AND OTHER BASIC NEEDS;

29 (5) LASTS AT LEAST 6 MONTHS, OR A MINIMUM OF 500 HOURS;

30 (6) SERVES INDIVIDUALS WHO:

31 (I) ARE LEAST 18 YEARS OLD;

1 (II) HAVE HAD FEDERAL ADJUSTED GROSS INCOME OF LESS THAN
2 \$15,000 PER YEAR IN THE LAST 2 YEARS;

3 (III) HAVE ASSETS OF LESS THAN \$7,000, EXCLUDING THE VALUE OF
4 RESIDENTIAL PROPERTY; AND

5 (IV) HAVE NOT BEEN CLAIMED AS A DEPENDENT ON THE FEDERAL
6 TAX RETURN OF ANOTHER PERSON IN THE PREVIOUS TAXABLE YEAR; AND

7 (7) CHARGE PLACEMENT AND RETENTION FEES THAT CUMULATIVELY
8 EXCEED THE AMOUNT OF CREDIT CERTIFICATES PROVIDED TO THE EMPLOYER BY
9 AT LEAST 20%.

10 (E) "QUALIFIED GRADUATE" MEANS A GRADUATE OF A QUALIFIED JOB
11 TRAINING PROGRAM WHO:

12 (1) IS PLACED IN A JOB IN THE STATE THAT PAYS AT LEAST \$9 PER HOUR
13 OR ITS EQUIVALENT; OR

14 (2) IS RETAINED IN A JOB IN THE STATE THAT PAYS AT LEAST \$10 PER
15 HOUR OR ITS EQUIVALENT AT THE END OF THE FIRST AND SECOND YEARS OF
16 EMPLOYMENT.

17 11-702.

18 (A) EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, A BUSINESS
19 ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
20 SUBSECTION (B) OF THIS SECTION FOR PLACEMENT AND RETENTION FEES PAID TO A
21 QUALIFIED JOB TRAINING PROGRAM.

22 (B) THE CREDIT ALLOWED UNDER THIS SECTION IS EQUAL TO THE SUM OF:

23 (1) PLACEMENT FEES PAID TO A QUALIFIED JOB TRAINING PROGRAM
24 UPON HIRING A QUALIFIED GRADUATE OF THE PROGRAM; AND

25 (2) RETENTION FEES PAID TO A QUALIFIED JOB TRAINING PROGRAM
26 FOR RETENTION OF A QUALIFIED GRADUATE OF THE PROGRAM.

27 (C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED:

28 (1) \$8,000 FOR PLACEMENT FEES FOR EACH QUALIFIED GRADUATE IN
29 THE YEAR HIRED; AND

30 (2) \$6,000 FOR RETENTION FEES FOR EACH QUALIFIED GRADUATE
31 RETAINED AS AN EMPLOYEE.

32 (D) A CREDIT IS ALLOWED ONLY UP TO THE DOLLAR AMOUNT OF
33 CERTIFICATES ISSUED UNDER SUBSECTION (G)(2) OF THIS SECTION AND PROVIDED
34 BY THE QUALIFIED JOB TRAINING PROGRAM TO THE BUSINESS ENTITY NOT TO
35 EXCEED 80% OF THE PLACEMENT AND RETENTION FEES PAID TO THE QUALIFIED
36 JOB TRAINING PROGRAM.

1 (E) IN ORDER FOR RETENTION FEES TO QUALIFY FOR THE CREDIT UNDER
2 THIS SECTION, THE RETENTION FEES MUST BE PAID IN THE 2ND AND 3RD YEARS
3 AFTER THE QUALIFIED GRADUATE IS HIRED.

4 (F) A BUSINESS ENTITY, OTHER THAN THE BUSINESS ENTITY THAT
5 ORIGINALLY HIRED THE QUALIFIED GRADUATE, MAY RECEIVE A CREDIT FOR
6 RETENTION FEES PAID FOR THE QUALIFIED GRADUATE.

7 (G) (1) THE TOTAL AMOUNT OF CREDITS UNDER THIS SECTION IS LIMITED
8 TO \$1,200,000 FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2000, AND
9 BEFORE JANUARY 1, 2006.

10 (2) THE DEPARTMENT MAY ISSUE UNDER PARAGRAPH (4) OF THIS
11 SUBSECTION NO MORE THAN THE SPECIFIED AMOUNT OF CERTIFICATES FOR
12 TAXABLE YEARS BEGINNING DURING EACH CALENDAR YEAR:

13 (I) \$100,000 FOR 2001;

14 (II) \$200,000 FOR 2002;

15 (III) \$300,000 FOR 2003;

16 (IV) \$300,000 FOR 2004; AND

17 (V) \$300,000 FOR 2005.

18 (3) UNUSED CERTIFICATES FOR A TAXABLE YEAR MAY BE CARRIED
19 OVER AND MAY BE USED FOR A LATER TAXABLE YEAR, REGARDLESS OF WHEN
20 ISSUED BY THE DEPARTMENT.

21 (4) (I) UPON APPLICATION, THE DEPARTMENT SHALL ISSUE
22 CERTIFICATES TO QUALIFIED JOB TRAINING PROGRAMS, CERTIFIED UNDER
23 SUBSECTION (H) OF THIS SECTION, UP TO THE DOLLAR AMOUNT AVAILABLE FOR THE
24 TAXABLE YEAR.

25 (II) THE CERTIFICATES SHALL BE IN A DOLLAR AMOUNT NOT TO
26 EXCEED THE DOLLAR AMOUNT APPLIED FOR AND SHALL REFLECT THE
27 DEPARTMENT'S ESTIMATE OF THE QUALIFIED JOB TRAINING PROGRAM'S
28 PROJECTED FEES FOR PLACEMENTS AND RETENTIONS OF QUALIFIED GRADUATES.

29 (III) THE DEPARTMENT SHALL ISSUE THE CERTIFICATES IN THE
30 ORDER IN WHICH APPLICATIONS ARE RECEIVED UNTIL THE AVAILABLE AUTHORITY
31 HAS BEEN ISSUED.

32 (5) TO THE EXTENT AVAILABLE, THE QUALIFIED JOB TRAINING
33 PROGRAM SHALL PROVIDE BUSINESS ENTITY EMPLOYERS OF ITS QUALIFIED
34 GRADUATES CERTIFICATES ISSUED BY THE DEPARTMENT.

35 (H) (1) EACH QUALIFIED JOB TRAINING PROGRAM CERTIFIED BY THE
36 DEPARTMENT SHALL COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION.

1 (2) (I) EACH QUALIFIED JOB TRAINING PROGRAM SHALL MAINTAIN
2 RECORDS FOR EACH QUALIFIED GRADUATE FOR WHICH THE PROGRAM PROVIDES A
3 CREDIT CERTIFICATE TO A BUSINESS ENTITY.

4 (II) THE RECORDS SHALL INCLUDE:

5 1. INFORMATION SUFFICIENT TO VERIFY THE ELIGIBILITY
6 OF THE QUALIFIED GRADUATE UNDER THIS SECTION;

7 2. THE IDENTITY OF THE BUSINESS ENTITY EMPLOYER;

8 3. A DESCRIPTION OF THE JOB, INCLUDING ITS
9 COMPENSATION RATE AND BENEFITS; AND

10 4. A DETERMINATION OF THE AMOUNT OF PLACEMENT AND
11 RETENTION FEES RECEIVED.

12 (3) (I) EACH QUALIFIED JOB TRAINING PROGRAM SHALL REPORT TO
13 THE DEPARTMENT EACH YEAR ON THE QUALIFIED JOB TRAINING PROGRAM'S USE
14 OF THE CREDIT.

15 (II) EACH REPORT SHALL INCLUDE INFORMATION ON:

16 1. THE NUMBER OF GRADUATES PLACED;

17 2. DEMOGRAPHIC INFORMATION ON THE GRADUATES;

18 3. THE TYPES OF POSITIONS IN WHICH EACH GRADUATE IS
19 PLACED, INCLUDING COMPENSATION INFORMATION;

20 4. THE TENURE OF EACH GRADUATE AT THE PLACED
21 POSITION OR IN OTHER JOBS;

22 5. THE AMOUNT OF BUSINESS ENTITY EMPLOYER FEES PAID
23 TO THE PROGRAM;

24 6. THE AMOUNT OF MONEY RAISED BY THE PROGRAM FROM
25 OTHER SOURCES; AND

26 7. THE TYPES AND SIZES OF EMPLOYERS WHO HAVE PLACED
27 AND RETAINED GRADUATES.

28 (I) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT THIS
29 SECTION.

1

Article - Tax - General

2 10-722.

3 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE INCOME
4 TAX FOR PLACEMENT AND RETENTION FEES PAID TO A QUALIFIED JOB TRAINING
5 PROGRAM AS PROVIDED UNDER § 11-702 OF THE LABOR AND EMPLOYMENT ARTICLE.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
8 2000, but before January 1, 2006. It shall remain effective for a period of 5 years and,
9 at the end of June 30, 2006, with no further action required by the General Assembly,
10 this Act shall be abrogated and of no further force and effect.